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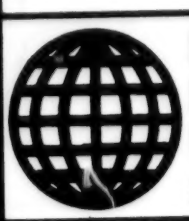

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Executive Conference Established to Enhance IPR Protection

946B0183A Beijing JISUANJI SHIJIE [CHINA COMPUTERWORLD] in Chinese No 30, 3 Aug 94 p 1

[Article by Liu Qing [0491 5464]

[FBIS Translated Text] To further enhance China's protection of intellectual property rights, the State Council has decided to establish an executive conference. It is charged with the responsibility of conducting research, coordinating issues related to intellectual property rights, and enhancing the leadership in this area.

The conference is headed by State Council member Song Jian [1345 0256] and its office is located in the State Science Commission. Various departments in the State Council are assigned management tasks of intellectual property rights according to their functions defined in the "three-determination" policy.

The State Council has again asked its departments and local units to further enhance their efforts on intellectual property rights based on the pertinent laws and regulations. The relevant departments should enforce the law with greater vigor, and formulate plans for the next step. Pirating of computer software should be severely punished and efforts should be made to resolve several recent major cases.

Postscript: The Xinhua News Agency announced on 22 July the State Council's determination to further enhance the effort of intellectual properties rights and that the State Council has proposed eleven specific measures. It was stressed that the implementation of law for intellectual property protection must be carefully monitored and examined. Today, the emphases in the monitoring activity should be to straighten out the audio/video product market and the computer software market. All the associated departments should closely support this activity and step up the inspection. Illegal copying of audio/video products and pirating of computer software should be dealt with severely.

China to Legalize IPR Protection

946B0183B Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 3 Sep 94 p 1

[Article by Zhu Youdi [2612 1635 2769]]

[FBIS Translated Text] The State Council Executive Conference on IPR Protection held its first meeting in Beijing today and took important steps to improve the protection of intellectual property rights. State Council member Song Jian pointed out in the meeting that China will spend one to two years to establish a legal basis for its intellectual property rights protection and to create a favorable condition for the development of China's socialist market economy.

Song said that to publicize, educate, raise the awareness, and inform people about IPR protection, we must include IPR protection in the current agenda of S&T and economy. Based on the principles of coordination and cooperation, IPR protection should be promoted systematically in order to facilitate economic development and S&T and cultural prosperity.

To advance and perfect China's IPR management system and to enhance the overall coordination and management, the State Council established an Executive Conference on IPR Protection to make major decisions in this area.

The conference asked the provinces, autonomous regions, and direct jurisdiction municipalities where IPR protection is much needed to establish a coordination and advising system and to form the associated offices so that a national network can be formed to enhance monitoring and supervision of the implementation of intellectual properties regulations. The task at hand is to organize an across-the-board inspection of the enforcement of intellectual property laws andto guide, monitor and publicize such activities. The emphasis will be on the copyright and trademark protection for visual and audio products, computer software, and books and publication. Also emphasized will be the protection of exclusive rights for using famous brands and patents and the prevention of unfair competition.

The meeting called for unified regulations for the audio/visual products market, verification and re-registration, and periodic inspection of the production, operation and sales of laser compact disks (CDs). For cases of copying foreign visual and audio products without a permit, the legal responsibilities will be investigated and the relevant laws enforced. In regions with serious copyright violation problems, the current effort will be focused on pirated laser CDs and several concentrated crackdowns will be organized.

The meeting proposed that, concurrent with the crackdown on rights violations, there should be enhanced guidance to business units on intellecual property management and protection. A batch of business units will be chosen in the near future; assistance and guidance on international practice will be provided to these units to establish and perfect an internal management system for intellectual properties. Legislative progress in China for IPR protection was also reported in the meeting. A number of regulations and criminal codes for punishing violators of author rights are being actively drafted; these include "Regulations for Visual and Audio Products", "Intellectual Property Protection Regulation", "Integrated Circuit Protection Regulation", and the "New Plant Species Protection Regulation."

Today's meeting was attended by responsible administrators in the Ministry for Foreign Trade, the State Science Commission, the Ministry of Public Safety, the Ministry of Justice, the Ministry of Electronics Industry,

the Ministry of Chemical Engineering, the Ministry of Central Propaganda, the Ministry of Culture, the Ministry of Broadcasting, Movies, and Television, the News Publication Administration, the State Bureau of Industry and Commerce, the Customs Administration, the Justice Department of the State Council, the State Patent Office, the State Medicine Bureau, the Supreme People's Court, and the Supreme People's Attorney Office.

Minutes of Beijing Intermediate People's IPR Court

946B0183C Beijing JISUANJI SHIJIE [CHINA COMPUTERWORLD] in Chinese No 31, 10 Aug 94 p 3

[Article by Yu Wengeng [1342 2429 6912]]

[FBIS Translated Text] Recently some news media reported that "Beijing Intermediate People's Court IPR Tribunal and Business Software Alliance (BSA) jointly raided five computer companies in Zhongguancun suspected of selling software without permit." This caused quite a stir; people were asking what was going on.

On 3 August, this reporter visited the Beijing Intermediate People's Court IPR Tribunal and interviewed Liu Haiqi [0491 3189 2475], who is in charge of the case. According to Liu, "the news reports were highly inaccurate. The reports not only lacked legal common sense, but also failed to verify the facts before carelessly publishing hearsay and one-sided stories and "news". These reports not only distorted the facts but also damaged the image of the People's courts and interfered with the legal proceedings."

Liu stressed that: "The law is the behavior standard that everyone must obey. The court hears complaints, collects evidence, and conducts trials fairly and according to the law." He then related the truth of the so-called "raids". In March, three American companies—Microsoft, Lotus and Autodesk—filed suits in the Beijing Intermediate People's Court against Beijing Juren Computer Company, Beijing Gaoli Computer Company, Beijing Sanhua Electronic Control Engineering Company, the business department of Huiruan Company, and the business department of Huili Computer Company for software infringement. After the plaintiffs fulfilled the necessary steps, the court entertained the case.

Later the three American companies filed evidence protection and property protection applications and paid US$11,000 guarantee money for the property protection application. The court reviewed the applications and found that they met the regulations of the civil law suit. The court therefore granted evidence and property protection to the three companies based on the law. On 23 June the court took evidence and property protection actions and impounded alleged infringing software and six computers identified by plaintiff's experts (BSA representatives) as containing illegal software. However, it was not a joint raid with BSA representatives. BSA is a private organization and has not filed a suit in this court; it therefore was not involved in the case. A Chinese court would not possibly conduct so-called "joint raids" with a private foreign organization.

Liu also said that, after the Beijing Intermediate IPR Court accepts the suits by Microsoft, Lotus, and Autodesk, the court will conduct a preliminary trial of the case based on relevant laws, including the Bern International Agreement, the Chinese Copyright Law, the Computer Software Protection Act, and the Sino-US Memorandum of Understanding on Intellectual Properties. The court will also appoint technical experts to assess technical issues, but the final ruling on whether there was any rights violation would rest with the court. At the present time, the two parties of the dispute are exchanging evidence and actual litigations have not begun. It is hard to say whether the original accusation will stand or not. The court will make a fair ruling based on the facts and the law.

Officials of the IPR court also explained to this reporter that, in order to promote international cooperation and exchange, China must enhance its protection of intellectual properties. Recently the State Council issued a series of regulations, which indicated China's determination to enhance its protection of intellectual properties. Today, there are some people who have stolen others' copyrights without realizing the legal consequences. These violators put profits before justice and disregarded the collective national interests. They have damaged China's image in the international community, impeded China's high tech exchange with other countries in the world, and severely interfered with the normal development of our domestic enterprises.

From this interview, this reporter learned that, beginning last year BSA decided to reward anyone who reported verified infringement of the rights of BSA members with HK$15,000. To the domestic side, while making a great effort to enhance the protection of intellectual property rights, we must also avoid possible monopoly of the software market by foreign countries.

Customs Office to Implement IPR Protection

946B0183F Shanghai WEN HUI BAO in Chinese 1 Sep 94 p 3

[Unattributed article]

[FBIS Translated Text] The Chinese Customs Office announced yesterday that, based on the current law and State Council's "Decision Regarding Further Enhancement of IPR Protection," the Customs Office will begin implementing IPR protection in imports and exports on 15 September 1994.

The announcement made it clear that products in violation of IPR (including exclusive trademark rights, copyrights, and patent rights) will not be allowed to be

imported or exported. When the Customs Office discovers that certain import or export products are allegedly in violation of IPR, the office has the authority to request legal evidence or supplemental declaration for lawful use of the IPR from the sender or the receiver of the products. When the sender or receiver fails to provide such documentation, the Customs Office shall have the authority to stop the shipment. When laser audio or video disks are imported or when molds or materials for such laser disks are imported for value-added production, the receiver of the products must follow the Customs Office's regulations and obtain import permits for audio/visual products. If the receiver or sender of products falsifies IPR documents, tries to evade the monitor of the Customs Office, or to smuggle products in violation of IPR protection, the Customs Office shall prosecute such cases according to relevant regulations. The announcement has also defined the rights and responsibilities of the IPR owners. When IPR owners discover that certain products in violation of their IPR are to be exported, they may file a complaint to the Customs Office in charge using their IPR certificates, such as the IPR Registration Certificate, samples of copyrighted publications, and other relevant documents proving their IPR. They may also request the Customs Office to take action in the import/export of such products. When IPR owners make such requests, they must assume the legal responsibility for claiming the violation in question and assist the Customs Office in carrying out the investigation. They must also pay for the costs associated with the investigation, including product examination and other activities.

Appraisals of IPR Investigative Group's Visits to Japan, U.S.

Electronics IPR Protection

95P60007A Beijing JISUANJI SHIJIE [CHINA COMPUTERWORLD] in Chinese No 36, 21 Sep 94 pp 131, 135

[Article by Chen Xiaozhu [7115 1420 4591]: "Experiences, Recommendations from Investigation of Electronics Intellectual Property Rights Protection in Japan, U.S."]

[FBIS Summary] During 11 to 28 May 1994, an Intellectual Property Rights (IPR) Investigative Group (including the author) under the Ministry of Electronics Industry (MEI) conducted an 18-day visit to Japan and the U.S. The group consisted of managers, technical experts and researchers from MEI's S&T & Quality Supervision Department, International Cooperation Department, Computer and Microelectronics R&D Center, and Patent Service Center—as well as from the Beijing Gongping Software Center and the editorial staff of DIANZI ZHISHI CHANQUAN [ELECTRONICS INTELLECTUAL PROPERTY RIGHTS]. This group's goal was to assess the status of electronics IPR protection in Japan and the U.S. in light of increasing international competition in the electronics industry, China's bid to rejoin GATT, and the need to promote IPR protection in the domestic electronics industry.

Government offices visited include MITI and the Ministry of Education (MOE) in Japan and the Patent and Trademark Office in the U.S. Trade organizations and associations visited include Japan's Software Information Center (SOFTIC), Japan's Industrial Property Cooperation Center (IPCC), the Japan Information Services Association (JISA), and Japan's Semiconductor Integrated Circuit (IC) Design Registration Center. Academic and legal organizations visited include Kyoto University and the Comparative Law Research Center in Japan and Georgetown University's IPR Teaching and Research Section and the law firm of Fenwick & West in the U.S. Industrial firms visited include Fujitsu in Japan and Apple Computer, the Electronics Arts Company, and Dow Jones Long-Range Stock Prices Systems Company in the U.S.

Some of the more prominent authorities that met with the group are: Kyoto University Professor Zentaro Kitagawa, MITI Information Promotional Group Education Director Kojima, MOE International Copyright Office Director Masando Kitani, IPCC Chairman Kasuyoshi Toi, SOFTIC Consultant Ikio Ishihara, U.S. Patent & Trademark Office IPR expert Jeffrey P. Kushan, Georgetown University's Dr. Sun Yuen- Chao and Fenwick & West's David L. Hayes.

The main point to be made in assessing this trip is that in both Japan and the U.S. a three-way interrelationship, or triad, exists in the IPR community: government, trade associations, and industry. Government provides the regulatory environment, which aims to be comprehensive. As Jeffrey Kushan remarked, in the U.S. one can apply for a patent on any kind of technology (including defense and atomic energy); patent applications determined by expert investigation to involve secrets that affect national security may not be approved until after the secrets are declassified, but of the 180,000 annual patent applications in the U.S. only 6000-7000 are investigated for national security information, and only 400 are denied on these grounds. Forming the second element of the triad, trade associations and organizations such as JISA and the Business Software Alliance (BSA) serve as bridges between and hubs among government offices and industrial firms. The third element, industry, is the key to successful implementation of IPR protection in the electronics field; officials from Fujitsu and Apple Computer stressed the significant portion of their R&D budget that goes toward IPR legal protection for new products.

A second point to be made is that in both Japan and the U.S., IPR academics and legal experts maintain close ties with and provide critical legal research services to their counterparts in the triad. This serves the mutual advantage of all parties.

The investigative group has recommended five specific actions for further strengthening IPR protection in China's electronics industry.

1. China should integrate technological and industrial development to enhance tracking of and research on trends in IPR legal protection for electronics. Authorities must provide financial support for this effort, as well as organize appropriate expert groups.

2. In the past few years, the number of domestic electronics firms has explosively grown, but the patent management system is not keeping even with technological standards. We must as quickly as possible strengthen training in commercial patent business strategy.

3. The nation's electronics IPR protection needs to further comply with international practices, to the extent permitted by the status and development prospects of the domestic electronics industry. As a developing country, China should exert its efforts toward closing the gap with international standards in IPR protection. The [GATT] Uruguay Round's [multilateral] agreement on Trade-Related Intellectual Property (TRIPs)—in which negotiations the Chinese government actively participated and exerted enormous effort toward reaching—is a highly standardized, high- level IPR agreement that specifies a legal protection level which China has already sufficiently met. While China should take a cautious approach toward adopting certain practices of the developed nations (such as software patents), it can learn from other practices that more or less suit the current domestic electronics industry's situation. For example, in drawing up legislation protecting semiconductor IC designs, China can consider requiring registration as a prerequisite for domestic protection; the registration office can be nongovernmentally managed but must maintain close ties to the domestic IC industry.

4. We can learn from the Japanese and American practice of establishing nongovernmental electronics IPR research associations. The main tasks of these associations would be to investigate IPR (especially software- and IC-related) laws in the principal nations, much as is done at Japan's Comparative Law Research Center; to provide the domestic electronics industry with legal consulting services for patents, trademarks, software copyrights, IC designs, technical trade contracts, etc., based on the model of Fenwick & West; and to promote education of domestic electronics specialists in IPR laws and developmental strategies.

5. In recent years, China has made great progress in IPR protection, but not enough according to publicized reports abroad. For whatever reasons, some governments and foreign businesses have developed a false understanding of the progress of China's IPR protection and have recently stepped up their propaganda efforts. The trade associations and organizations we saw on the trip, however, provided examples of some practices we can directly learn from: the timely dissemination of information, assistance with implementation of IPR legal protection, and the provision of services to start-up firms.

Software IPR Protection

95P60007B Beijing JISUANJI SHIJIE [CHINA COMPUTERWORLD] in Chinese No 36, 21 Sep 94 p 139

[Article by Zou Bian [6760 1817]: "Development of Computer Software Intellectual Property Rights Protection; Written After Investigative Trip to Japan, U.S."]

[FBIS Summary] During the 18-day investigative trip, the Chinese officials and experts (author included) exchanged ideas with their counterparts in Japan and the U.S. and gained valuable experience, especially in understanding developments in computer software IPR law. These developments can be broken down into three main areas:

1. The Success of Software Copyright Protection and New Challenges to Be Faced. Events of the past 10 years show that software copyright protection has been quite effective, especially in countering illicit copying. This success is reflected in the TRIPs agreement reached at the Uruguay Round; this agreement stipulates software copyright protection in explicit terms and forms a set of international standards and norms. New challenges have arisen, however. One nagging problem is the fact that copyright law protects only products, but does not protect the ideas and basic principles contained in those products. The new technologies such as multimedia, artificial intelligence, and the information superhighway have introduced a host of new copyright protection problems, leading some authorities to feel that copyright laws do not adequately protect software and to look for other techniques.

2. Software Patent Issues. In recent years, the number of software patents has increased dramatically, but there is still much uncertainty and lack of consensus in Japan and the U.S. on the proper use and advantages of software patents. The widely publicized, protracted case of Stac Electronics vs Microsoft Corporation in the U.S.—wherein the former charged the latter with infringement of its patented data compression technology—is a good example.

3. Future Directions for Software IPR Protection. One trend is the increasing attention being paid toward closely following and incorporating international developments in software IPR protection while simultaneously protecting the interests of one's domestic industry. On a higher level, another trend is the major debate now in progress on the very question of what it is that is really being protected by software copyrights and patents. Is it, for example, the source code, design conception, data information, or something else?

China's current software copyright protection legislation meets international standards, but there are nevertheless lessons to be learned from some of the practices we studied abroad—lessons that will bring the nation's overall IPR protection efforts further into line with international norms.

Electronics Patent Management

95P60010A Beijing JISUANJI SHIJIE [CHINA COMPUTERWORLD] in Chinese No 36, 21 Sep 94 pp 151, 155

[Article by Wang Zhengrong [3769 1767 2837]: "Renewal of the Concept of Strengthening Business Patent Management; Experiences, Lessons from Investigation of Electronics Business Patent Management in U.S., Japan"]

[FBIS Summary] The author, as a member of MEI's IPR Investigative Group visiting Japan and the U.S. in May 1994, details the group's study of the electronics industry patent management system in those two countries. He emphasizes the large amounts of financial and human resources that Japanese and American electronics firms—exemplified by Fujitsu and Apple Computer—allocate to IPR protection, especially for new products.

Next, considering recommendations for enhancing business patent management in the domestic electronics industry, the author presents statistics (Table 1, reproduced below) which show that only in the computer and data processing equipment technology category (G06F) has the number of domestic patent applications risen steadily, even surpassing the number of foreign applications. The data therefore reflect the relatively weak overall level of domestic electronics business patent consciousness.

Table 1. 1985-1993 Patent Applications for Inventions in Some Electronics Technical Areas

	Year(s) of Application	1993	1992	1991	1985-1990	Totals
Semiconductor Technology (Intl. Classif. No. H01L)	Total No. of Applications	48	45	66	493	652
	No. of Foreign Applications	35	24	39	402	498
	No. of Domestic Applications	15	21	27	91	154
Electronics Vacuum Technology (Intl. Classif. No. H01J)	Total No. of Applications	85	98	91	472	746
	No. of Foreign Applications	75	88	77	414	654
	No. of Domestic Applications	10	10	14	58	92
Image Communications Technology (Intl. Classif. No. H04N)	Total No. of Applications	160	139	147	429	875
	No. of Foreign Applications	134	109	119	366	728
	No. of Domestic Applications	26	30	28	63	147
Recording and Storage Technology (Intl. Classif. No. G11B)	Total No. of Applications	74	48	101	529	752
	No. of Foreign Applications	60	39	96	482	677
	No. of Domestic Applications	14	9	5	47	75
Computer and Data Processing Equipment (Intl. Classif. No. G06F)	Total No. of Applications	284	192	159	680	1315
	No. of Foreign Applications	130	77	85	410	702
	No. of Domestic Applications	154	115	74	270	613

The author makes four specific recommendations for strengthening this insufficient degree of patent consciousness:

1. The key to further enhancing business patent management is a renewal of concept. A major lesson to be learned from the investigative trip is that foreign industries consider patent management as a critical component of business operation and management. Chinese industries, however, do not have the same level of consciousness of the importance of patent management.
2. There is a need to establish an effective patent management mechanism. Establishment of such a mechanism will promote technical innovation and product development and safeguard one's legal rights and interests amid increasing market competition. Recently, the State Patent Office, State Economic and Trade Commission, and the State Science and Technology Commission jointly issued the "Business Patent Operational Measures," providing concrete guidance for domestic firms. This is an important step, but beyond this, businesses need to coordinate the efforts of all departments—not just their patent sections—toward more effective patent process oversight.
3. The need exists to continue to do the best job of intellectual training in patents. Especially in the rapidly advancing field of electronics technology, the scope of IPR protection is constantly expanding into new areas such as software patents, multimedia and the information superhighway. Authorities must constantly upgrade their efforts to train personnel in these new patent issues.
4. There is an urgent need to cultivate a body of IPR experts specifically within domestic industry. China now has several universities with specialized IPR faculties; but in addition, industry must designate a portion of its labor force to receive dedicated [i.e. full-time] training in IPR protection issues.

Hunan High Court Issues Ruling on Domestic Software Patent Infringement Case

95P60020A Beijing JISUANJI SHIJIE [CHINA COMPUTERWORLD] in Chinese No 31, 10 Aug 94 p 3

[Article by Li Weijie [2621 4850 2638]: "Wangma Company vs Hunan Computer Plant Patent Infringement Case Decided"]

[FBIS Summary] Plaintiff Beijing Wangma Five-Stroke-Character (FSC) Patented Technology Company and defendant Hunan Computer Plant in June 1988 had entered into a contract whereby the plaintiff was to supply the defendant with the former's patented FSC version 4.5 source code and to cooperate with the defendant on development of products based on that patented technology. In return, the plaintiff was to benefit from the defendant's promotion of the former's products and to receive a percentage of the revenue from each FSC- based product sold.

After the contract expired, the Hunan plant continued to use Wangma's patented technology without paying the usage fees. Alleging patent infringement, Wangma in late 1993 filed suit against the Hunan plant in the Changsha Intermediate People's Court. The court ruled that patent infringement had occurred, and the defendant had to pay the plaintiff 733,000 yuan in usage fees, as well as all litigation costs. In an appeal to the Hunan Province Higher People's Court, the Hunan plant argued that the basis of Wangma's claim was contractual and not patent infringement.

The appeals court ruled that:

(1) the decision of the lower court was to be overturned,

(2) the Hunan plant was to stop using Wangma's FSC Chinese-character inputting technology, and, since both parties had violated provisions of the contract,

(3) the Hunan plant must pay Wangma 364,800 yuan in usage fees.

Litigation costs for both trials and protection fees for the first trial totaled 58,540 yuan, of which the court ordered the Hunan plant to assume 40,978 yuan and Wangma to assume the remaining 17,562 yuan.

Guangdong Applies Criminal Law to Prosecute Three Thiefs of Technological Secrets

95P60024A Shanghai WEN HUI BAO in Chinese 26 Oct 94 p 3

[Article by Nan Yin: "Guangdong Applies Criminal Law to Protect Intellectual Property Rights"]

[FBIS Summary] Guangzhou, 25 Oct—The nation's first decree to arrest criminals based on evaluation of intangible assets was issued yesterday in Guangdong's Huizhou City. The three suspects, originally employees of the TCL Company in Huizhou, were accused of stealing a TCL-developed cordless telephone prototype soon after the device passed quality tests in May this year, and then entering into technology transactions with another company, located in Zhuhai, in violation of criminal law. Based on the estimate of a Guangdong property evaluation firm, the stolen equipment cost the TCL plant only 680 yuan to manufacture, but its technological value is around 6.88 million yuan.

Shenzhen's First Commercial Secrets Rights Infringement Dispute Settled

95P60024B Beijing KEJI RIBAO [SCIENCE AND TECHNOLOGY DAILY] in Chinese 29 Oct 94 p 1

[Article by Mao Zhengzheng: "Shenzhen's First Commercial Secrets Rights Infringement Dispute Settled"]

[FBIS Summary] Implementing the nation's "Anti-Unfair-Competition Law," the Shenzhen Intermediate People's Court's Intellectual Property Rights Tribunal on 14 October issued its final ruling on Shenzhen's first dispute involving commercial secrets rights infringement. The plaintiff, Shenzhen's Hongguang Aokang Optoelectronics Ltd., had brought suit against Shenzhen's Construction and Development Enterprises. The plaintiff alleged that two of its employees had violated an agreement they signed not to disclose production technology and commercial secrets for a period of 3 years following their departure from the company; the violation occurred when the two employees left Hongguang and took the secrets with them in new R&D jobs with the defendant. The commercial secrets involved the spring slot associated with the plaintiff's "activator fingerprint personal ID/recognition system." The Shenzhen IPR Tribunal ruled that the two employees had violated regulations in Article lO, Section 3 of the Anti-Unfair-Competition Law, required the defendant to pay the plaintiff a commercial secrets transfer fee of 210,000 yuan and required the two employees to cover court costs of 5510 yuan.

Beijing Authority Issues Final Ruling on First Commercial Secrets Infringement Case

95P60024C Beijing JINGJI RIBAO [ECONOMIC DAILY] in Chinese 31 Oct 94 p 5

[Article by Chen Tiezhu: "Beijing Adjudicates First Case Involving Infringement of Another's Commercial Secrets"]

[FBIS Summary] On 27 September, the Beijing Haidian District Industry and Commerce Office formally upheld its 16 August "Decision to Punish the Beijing Municipal Qingteng Electronic Systems Company (QESC) for Infringing Upon Another's Commercial Secrets," according to provisions of the Anti-Unfair-Competition Law. The office ruled that the legal rights of the other

party, China Electronic Technology Applications Company (CETAC), would be protected. CETAC, an authorized agent for the Michelangelo large color jet plotting system made by a Japanese firm, had argued that the Lanbo system developed and marketed by Mr. Pan Tonghui, a former CETAC employee who had left the firm to work as General Manager for QESC, in a variety of ways was essentially identical to the Michelangelo system. The Haidian District Industry and Commerce Office ruled that infringement upon CETAC's commercial secrets had occurred. QESC was ordered to stop its illicit activity and to pay a fine of 20,000 yuan. Mr. Pan filed a motion for reconsideration of the decision, but the commerce office upheld its original decision.

Commercial Secrets and Anti-Unfair Competition in Computer Software

946B0184A Beijing JISUANJI SHIJIE [CHINA COMPUTERWORLD] in Chinese No 31, 10 Aug 94 pp 9,11

[Article by Li Wei [2621 4850] of the China Software Registration Center]

[FBIS Translated Text]

I. Introduction

On 2 September 1993, the third session of the Eighth National People's Congress passed a law for "Commercial Secrets and Anti-Unfair Competition in Computer Software in the People's Republic of China." The law was put into effect on 1 December 1993. This law provides the legal basis for maintaining the economic order in China, ensuring the healthy development of the socialist market economy, encouraging and protecting fair competition, forbidding unfair competition, and protecting the legal rights of businesses and consumers. In the meantime, it is also important for China's computer software development.

In recent years the software industry in China has made significant progress. Computer software enterprises have been established and software has entered the market as a new high-tech product. Software has also amply demonstrated its power and competitiveness in the everyday economic life of the people. Because of competition and promising prospects, the infringement of trade secrets has taken place in the software development process, intense in some cases.

However, because there has been no legal definition of trade secrets and the protection of commercial secrets in China, the legal system has been impotent against such activities even though they were despised. Now the announcement and implementation of the Anti-Unfair Competition Act has provided a legal protection for China's healthy development of the software industry. Software workers should learn how to use this legal protection. In this article we discuss the characteristics for trade secrets in commercial software and its protection, with the hope of soliciting the readers' thoughts on this issue.

Legal Characteristics of Commercial Secrets

Commercial secrets are an important issue in China's Anti-Unfair Competition Act. The legal definition of commercial secrets was given in Clause 3, Article 10 of the law. It states that "Commercial secrets are technical and business pieces of information that are not publically known, are capable of bringing economic benefits to the proprietor, are practical, and are held as secrets by the legal proprietor." This clause clearly delineates the legal definition of commercial secrets.

1. The basic content of commercial secrets

   According to China's "Anti-Unfair Competition Act", commercial secrets have two basic contents: technical secrets and business secrets.

   Technical Secrets (also known as special technology or technical know-how) include technical plans, methods, skills, secret formulas, technical information and data. In recent years, patent applicants with practical technologies of economic value often keep the "best embodiment" or certain key elements to themselves. These then become "technical secrets." In the registration application of computer software, one usually only needs to submit a portion of the source codes and files. Unreleased source codes and files then become "technical secrets."

   Business secrets (sometimes also called trade secrets) include management strategies and plans, sales channels, market information, promotion methods, prices and methods for technology transfer, and exclusive customer lists. Because of the close relationship of business secrets and product competitiveness, their importance is becoming increasingly recognized and they are widely regarded as commercial secrets to be protected under the "Anti-Unfair Competition Act."

2. Legal aspects of commercial secrets

   Not all technical information or business information can be regarded as commercial secrets. According to China's "Anti-Unfair Competition Act", a commercial secret must satisfy the following three basic criteria:

   First, the secret must satisfy the novelty criterion, that is, it is not already known to the public. Although a commercial secret does not have to be as novel as a patent, it must be known only to a few people and not to the public or others in the trade. Conversely, if some information has already been publicized in publications or displays, then there is no longer any secret. In other words, the idea of having a commercial secret is to get rich, but not rich and famous.

Secondly, it must satisfy the value criterion, that is, it must have economic value to the holder of the secret. Through transfer or permit, the secret must be able to bring economic gains to the proprietor and, if released, it would bring economic losses to the proprietor. If the secret has no economic value, then it loses the need for protection.

Thirdly, the legal proprietor of the secret must have taken action to protect its secrecy. This is the most important criterion for commercial secrets because a piece of information can be called a secret only when it is kept so. The period of protection of a commercial secret is usually based on the time of release. If a commercial secret can be kept forever, then it should be protected indefinitely. If the commercial secret will be released in one year, then it should be protected for one year. The proprietor of a commercial secret should therefore take proper measures to ensure the secrecy, including signing non-disclosure agreements with individuals or organizations involved in the implementation or sales of the secret. If the proprietor has not taken proper measures to ensure the secrecy, then it is difficult to convince others that it is a "secret" as it could not be recognized as such in a legal sense.

3. Loss of commercial secrets

A commercial secret must satisfy all three criteria stated above in order to receive legal protection. A commercial secret will lose its legal protection in the following situations:

First, the commercial secret is leaked due to the lack of effective protective measures by the holder of the secret. Once the secret comes out, it is no longer a secret and needs no protection. For example, a patent or copyright is applied for; the documents are in the public domain and are no longer secret. Or the secrets may be released in publications authored by staff of the company. Commercial secrets may also be released by employees when they change jobs.

Secondly, commercial secrets may also be discovered by other researchers through independent investigation and observation. Since all technologies develop in step with society, the exclusive right of the creator cannot be denied as long as the technology secrets are obtained through legal intelligent creativity and work. If others discover a commercial secret through legal creative activity, then the secret loses its significance for protection.

Thirdly, when a commercial secret is infringed upon and the proprietor of the secret does not take legal action against the infringer. Under such a situation the proprietor basically gives up his claim for the secret and the need for protection is also lost.

III. Computer Software and Commercial Secrets

As a new body of knowledge, computer software has a rich content, which qualifies it for legal protection of intellectual property. Commercial secrets contained in computer software naturally fall under the protection of the "Anti-Unfair Competition Act."

1. Computer software and commercial secrets

The "Anti-Unfair Competition Act" protects computer software that contains commercial secrets. To receive the protection of commercial secrets, it is entirely unnecessary to apply for certification or registration for computer software in state-designated intellectual property management organizations. Also, the commercial secrets in computer software cannot be treated and automatically protected like publications. It should be recognized that the intellectual contents of computer software, as long as it was created through proper independent development, should be protected as commercial secrets even when the software is not completely finished. More important, the commercial secrets of computer software are protected by law if the proprietor takes active, legal secret protection measures.

2. Commercial secrets in computer software

What specifically in computer software are commercial secrets? Generally speaking, computer software contains technical secrets and business secrets.

(1) Technical secrets in software

Since computer software is a practical tool capable of bringing the user economic benefits, many of the intellectual contents of software are technical secrets. Examples are:

In the software development process, requirement descriptions (analysis reports, technical plans) and design descriptions (software concepts, data structures and flow, logic structures and physical structures) written in natural or formal languages may constitute technical secrets.

Source codes and comments written in programming languages, program organization, order and structure, program design skills and algorithms may constitute technical secrets.

Technical Parameters, variables, and associated technical data used in the software development process may constitute technical secrets.

(2) Business secrets in computer software

Computer software may be traded on the market as a technical product; since the useful life of software is short, the competition is severe. Trade

secrets in computer software are therefore very important. Trade secrets of software may include the following contents:

Customer names, organization names with business relation, ordering parties, and contracts and agreements may all constitute trade secrets.

Technology transfer or licencing prices (including sales price, price ratios) and market information may constitute trade secrets.

Business strategies, business connections, and management skills may constitute trade secrets.

Because of the importance of software trade secrets, many sales and development contracts, cooperation and exchange agreements in China and abroad have a proprietary clause for the associated technology. Without them, the definition of trade secrets would be very difficult and the implementation of legal protection would also be very difficult.

IV. Unfair acts and legal responsibilities of infringing upon software trade secrets

1. Unfair acts of infringing upon software trade secrets

According to Article 10 of the "Anti-Unfair Competition Act", there are the following four situations of software trade secrets infringement:

(1) Obtaining software trade secrets by improper means, including theft, bribery, or intimidation. Theft refers to stealing the trade secrets in computer software. Bribery refers to obtaining the trade secrets by enticing persons with knowledge of the secrets via money, goods, or other material and psychological inducements. Intimidation refers to obtaining the trade secrets through threats, coercion, or violence. "Other improper means" refers to obtaining the software trade secrets by means of sexual entrapment, spying, and instigation.

(2) Reveal, use or let others use. "Reveal" refers to the act of revealing the secrets of illegally obtained software to a third party or to the public. "Use or let others use" refers to the act of utilizing the illegally obtained software, allowing others to use it, or transferring the software to others.

(3) In breaching agreements with or requests by the software proprietor, reveal, use or let others use the commercial secrets contained in the computer software. This often applies to the release of trade secrets by transferring employees or by other units in violation of agreements for secrecy. An individual or a unit, once entering into an agreement or a contract with the software proprietor, must adhere to the secrecy clause and assume responsibility for keeping the commercial secrets. Failure to do so is a breach of the agreement or contract. The software proprietor, when the need arises to reveal the trade secrets to others, should first establish an agreement or contract with the other party to ensure the security of the commercial secrets.

(4) If a third party, while knowing or expected to know the illegality of the action listed in the previous article, obtains, uses, or reveals trade secrets contained in computer software that belongs to others, this third party is deemed to have infringed upon the trade secrets. Here the "third party" refers to a person or persons not in possession of the trade secrets in the software. When a third party clearly knows or should know the illegal activities of those in possession of the software secrets but does not stop or report such activities to the authority, and further obtains, uses, or reveals the trade secrets, the action of this third party would be regarded as an infringement upon the trade secrets.

2. Legal responsibilities for infringing upon trade secrets in computer software

Based on China's "Anti-Unfair Competition Act", infringers upon trade secrets in computer software must assume administrative and civil liabilities.

(1) Administrative liablity

The state regulatory agency should first order the violation of commercial secrets stopped, then the agency may fine the violator more than 10,000 yuan but less than 200,000 yuan, depending on the severity of the violation.

(2) Civil liability

Violators shall be liable in a civil court for the economic losses caused by the breach of secrecy. When the economic losses are difficult to calculate, the indemnity should be the profits accrued by the violator during the violation plus the legitimate costs incurred by the proprietor of the commercial secrets in assessing the losses. To protect their legal rights, the proprietors of the secrets may bring a civil suit in a people's court to request that the violation be stopped and to request financial compensation from the violators.

In summary, commercial secrets in computer software are important intellectual properties of the proprietor. Once the proprietor finds that his rights have been infringed upon, he should take immediate action to collect evidence and, based on China's "Anti-Unfair Competition Act", effectively stop the infringement and protect his rights by following the two legal actions described above.

Protection of Intellectual Property Rights

40100008A Beijing BEIJING REVIEW in English 29 Aug-4 Sep 94 p 4

[Article by Geng Yuxin]

[FBIS Transcribed Text] The Chinese government is preparing to launch a comprehensive nationwide inspection to ensure enforcement of the protection of intellectual property rights, rectify copyright violations related to video tapes, books and computer software, and investigate and deal with illegal activities related to counterfeited trademarks and patents. The goal of the effort is to further strengthen the legal system for the protection of intellectual property rights and ensure that China's foreign exchange system is improved to a level which it operates more in line with international standards.

The old planned economic system lacked a true concept of intellectual property rights. In the past, knowledge and technological achievements were not considered commodities, and when employed in production they were quite often transferred without compensation. In the late 1970s, following initiation of the reform and opening policies, the Chinese government established a system to protect intellectual property rights. Somewhat later, in 1980, China joined the World Intellectual Property Rights Organization. China has since formulated its Trademark Law, Patent Law and Copyright Law, and has established corresponding administrative and law enforcement organizations. Generally speaking, China has extended great effort to effectively protect intellectual property rights, an effort which has in turn promoted the development of the country's economic, scientific and technological, and cultural sectors.

China is currently one of the world's major importers of technology. Since 1979, China has signed 5,600 contracts on the import of technological projects, including complete sets of equipment, valued at more than US$40 billion. China has imported equipment from a number of countries and regions, including Japan, the United States, Germany and Italy. During the period, China has exported technology valued at US$7.74 billion. And, by the end of 1993, some 70 countries and regions had registered 60,000 trademarks in China.

However, many problems remain unsolved in regard to the protection of intellectual property rights, and many Chinese citizens still have only a vague understanding of the concept of intellectual property rights. The traditional concept and habit of ignoring intellectual property rights remains prevalent in some departments and localities. Thus far, illegal activities such as piracy, trademark infringements, and counterfeiting of low quality copies of tapes and publications have not been strictly checked, nor effectively eliminated. Therefore, the Chinese government has determined that the campaign to enforce the protection of intellectual property rights must not only be an educational campaign to raise the public awareness for the necessity and importance of the issue, but also must be designed to improve the ineffective effort to combat illegal activities. All disputes arising in pursuit of this goal should be earnestly investigated and dealt with.

On August 3, the intellectual property rights tribunal of the Beijing Intermediate People's Court convened a court session to hear the case Walt Disney Corp. of the United States filed against two Beijing publishing houses for violating copyrighted cartoon figures. The two publishing houses published and distributed pictorials containing world famous cartoon characters such as "Mickey Mouse," "Snow White" and "Cinderella." The cartoon characters were in fact created by cartoonists employed by Disney, the plaintiff.

The case represents the first copyright dispute emerging since the Memorandum of Understanding on the Protection of Intellectual Property Rights Between the Government of the People's Republic of China and the Government of the United States was signed by the two governments on January 17, 1992. The memorandum stipulated that effective March 17, 1992, US copyrights were under the protection of the Chinese Copyright Law. Although a judgement in the case has not as yet been announced, the court of first instance held that the two defendants should bear total responsibility for copyright infringements which occurred after March 17, 1992. The initial ruling provided a true indication of the seriousness China places on the protection of intellectual property rights. The dedicated effort of the Chinese government in this regard has won high praise from foreign businessmen.

New Step To Safeguard Computer Software

40100008B Beijing CHINA DAILY in English 6 Sep 94 p 1

[FBIS Transcribed Text] The copyright of computer software should not be protected in a "special way" and international norms must be followed, Chinese officials said yesterday.

They told a seminar in Bejing that China is considering amending its copyright law in the near future, and computer software might then be put into the category of literary works, in line with the practice of most developed countries.

The seminar, which opened yesterday, is jointly hosted by the World Intellectual Property Organization (WIPO), China's National Copyright Administration and the Ministry of Electronics Industry. It is said to be the highest-level meeting staged in China on copyright protection of computer software.

The amended copyright law will serve as unique legal protection for computer software, replacing the current "Regulation on Copyright Protection of Computer Software", which, according to some experts, is out of line with international norms.

For example, it still requires that software be protected under the so-called "State planned licensing system", "registration system" and "protection period system." According to these regulations, computer software is a special product that is different from literary works in terms of intellectual property. All these regulations will be abolished in the future copyright law.

The power to manage official procedures concerning the copyright of computer software, once the exclusive right of the Ministry of Electronics Industry, has been transferred to the National Copyright Administration, the meeting was also told.

Officials said this step reflects a worldwide trend and will benefit China's foreign trade as well as its economy.

China started to protect computer software under its copyright law in 1991. However, after China has joined the international copyright family, the protection will continue to maintain Chinese characteristics, the officials said.

Protection Has Solid Legal Foundation

40100008C Beijing CHINA DAILY in English 11 Oct 94 p 9

[Article by Yi Tu]

[FBIS Transcribed Text] To facilitate its process of reform and opening up, China has moved quickly to establish a legal system to protect intellectual property rights.

As the country's market-building drive continues, it can be expected that the laws and regulations will be well enforced through judicial practice in the field.

A late-arriver to the arena, China put the protection of intellectual property rights on its legislative agenda soon after the country decided to focus its strength on economic development in 1979. In the 15 years since then, China's legislation in the area has become among the most advanced in the world.

On August 23, 1982, the Trademark Law of the People's Republic of China was promulgated by the Standing Committee of the Fifth National People's Congress. The law came into effect on March 1, 1983, together with rules on its implementation.

The Trademark Law, the nation's first of its kind, replaced administrative regulations that had been in force since the 1960s. The law was based on internationally accepted principles and practice.

To comply with the requirements of the agreement on trade-related aspects of intellectual property rights, under the General Agreement on Tariffs and Trade (GATT), China revised the law in 1993. Service trademarks were accepted and, to intensify the crackdown on counterfeiting, criminal penalty provisions were adopted.

Regulations were drafted to supplement the law, in accordance with changing conditions, such as the Regulations on the Administration of the Printing of Trademarks and the Supplementary Regulations on Punishing Crimes of Trademark Counterfeiting in 1993.

The Patent Law and its implementation rules came into effect in April 1985. The law was amended in September 1994 to extend patent protection.

Technical patents were included, as well as patents on some pharmaceutical and chemical products. Criminal penalties were also adopted.

The Copyright Law went into effect in September 1990.

The government is reported to be considering amending the law in the near future, and computer software might then be put into the category of literary works, in line with the practice of most developed countries.

The current Regulations on Copyright Protection of Computer Software, which came into effect in October 1991, is expected to be replaced.

China's domestic legal system for intellectual property rights protection was completed by the Anti-Unfair Competition Law in 1993 and related laws such as the Civil Law, the Technological Contract Law and the Law on Scientific and Technological Progress.

Internationally, China attaches great importance to multilateral co-operation in fighting intellectual property rights violations.

China applied for admission to the World Intellectual Property Organization (WIPO) in March 1980 and became a member in June of that year.

The country joined the WIPO's Paris Convention for the Protection of Industrial Property in March 1985; the Treaty on Intellectual Property in Respect of Integrated Circuits and the Madrid Agreement for International Registration of Trademarks in 1989; the Berne Convention for the Protection of Literary and Artistic Works in 1992; the Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms Copyright in 1993; and the Patent Co-operation Treaty early this year.

It also joined UNESCO's Universal Copyrights Convention in 1992.

It must be noted that all of this was done in less than 15 years, while the same process took nearly a century in the West. As Dr. Arpad Bogsch, secretary-general of the WIPO, pointed out, "the change is from nothing to

everything. The whole world admires what China has achieved in a very short time."

"In the history of intellectual property, China has made achievements at a speed second to none."

But China did not stop after these achievements. It wants to see its legal network enforced to protect intellectual property rights and wipe out counterfeiting within its jurisdiction.

The people's courts have extended their protection to the owners of intellectual property by agreeing to hear cases of alleged infringements under the laws.

Both the number of such cases and the difficulties of handling them have increased sharply from year to year. Some cases have aroused wide public attention.

To deal with situation, special tribunals were established in the Beijing People's Higher Court and Intermediate Court in 1992. Shanghai, Guangdong and several other areas followed suit.

According to a white paper entitled Intellectual Property Protection in China, released in June this year, 3,505 cases were handled by courts throughout the country from 1986 to the end of 1993. Of the total, 1,168 concerned copyrights, 1,783 patents, and 554 trademarks. Many of the cases involved overseas interests.

"We have to handle these cases with great care," says Wu Guoqiang, a judge with the special tribunal of the Shanghai People's Higher Court.

The legal protection of intellectual property is still at an early stage in China. It is even new to many judges and other legal officials, he said.

"So it is of great importance for us to have some high-quality cases to act as models for lower-level courts and late-comers."

To set correct precedents and avoid mistakes, Wu and his colleagues try to embody the spirit of the law and international conventions in every case.

When domestic legal provisions cannot be applied, they look to international norms.

To ensure the highest standards of enforcement, the court tends towards severe punishment for violators.

At the current juncture, every case can have great social influence. "The public is coming to know intellectual property rights gradually. It will be of great help if we provide more information with cases," Wu says.

The biggest difficulty facing the legal system is people's unawareness of the laws and their enforcement process. When disputes arise, most people turn for help to the government instead of the courts.

A bigger problem is that many people do not even know that intellectual property rights infringements are against the law.

To remedy this situation, the courts often go out of their way to educate the public. Most courts have strengthened their co-operation with the public mass media.

Managers Call for Better Enforcement

40100008D Beijing CHINA DAILY in English 11 Oct 94 p 9

[Article by Kang Bing]

[FBIS Transcribed Text] Intellectual property, a phrase alien to the ordinary Chinese only a decade ago, is finding its way into daily usage.

"Sue them" is the advice one is likely to get when one complains about rights being violated.

And some companies and individuals are taking advantage of the laws and regulations that have been set up to protect their interests.

The increasing media coverage of such cases should help deter speculators who try to make their fortune by stealing others' property rights.

Some people, however, are still unfamiliar with the issue and are trying hard to find out what it's all about.

China Guangdong Jianlibao Group Inc., the country's top soft drink producer, has been tracking down and suing enterprises turning out and marketing fake Jianlibao-brand drinks.

The soft drink, which boasts good taste and high nutritional value, has been China's top brand of its kind since it came out in 1984. While profits are leaping, fake Jianlibao drinks have caused great damage to the Guangdong company.

"We have traced several hundred cases of producing fake Jianlibao drinks and are doing our best to bring the offenders to court because they not only damage our reputation but also bring harm to the health of the consumer," according to Tan Boming, director of the management department of the Jianlibao Group.

It is estimated that fake products cost Jianlibao between 20 million and 30 million yuan ($2.3 million-$3.5 million) annually. To combat the problem, Jianlibao has set up a special office headed by Tan.

"We have been shuttling around the country to see to it that the offenders are brought to justice."

China has the laws and regulations needed to deal with the illegal practice, Tan said. The big frustration at the moment is that regions try to protect local interests.

In some cases, the offenders are symbolically punished or fined instead of being sentenced to the deserved terms.

For all the problems, Tan said he and his company are optimistic about prospects for the protection of intellectual property in China.

"The counterfeiting of Jianlibao drinks has decreased substantially since last year thanks to the stricter enforcement of the relevant laws and regulations and to the increasing consensus of governments at different levels that such a protection is in their own interest in the long run," Tan said.

Tan's optimism is shared by Yang Dongni, chief representative of the Beijing office of Smithkline Beecham.

"We believe that the Chinese Government is serious about the protection of intellectual property as shown by the implementation of a series of relevant laws and regulations in the past few years. Our confidence in the China market is shown by the fact that my company has been increasing its investment in Tianjin," Yang said.

Smithkline Beecham's Tianjin venture, producing mainly preventive medicine for the Chinese market, is among the most successful foreign enterprises in China. The good reputation of its products, however, has also brought headaches.

"We have found many fake medicines using our products' names and packages. Sometimes we find ourselves helpless in such cases because though China has laws and regulations protecting the property rights of other kinds of medicine, preventive medicine is not yet included," Yang said.

"We have voiced our complaints to the departments concerned and hopefully our problem will be solved."

Yang said she fully understands that it takes time to perfect the system of protection. "But the laws and regulations must be complete and comprehensive to safeguard the interest of the State, the companies and the customers," Yang said.

Liu Yanchun, director of the Beijing Jewelry Factory, echoed Yang's complaints.

The factory invested millions of yuan to produce a unique piece designed by one of its master craftsmen.

Soon after the expensive and time-consuming project started, the designer quit and found a new job in a factory in South China. He brought with him a copy of the design and the factory in the South began to work from it.

"The piece had been designed as the only one in the world and was expected to fetch a good price. Now that there are two of them in existence, the value of the piece has been slashed, causing enormous loss to our factory," Liu said.

For two years, Liu's factory has been trying to sue the person and factory concerned for copyright violation. But the factory has been told that there is no such a thing as copyright as far as arts and crafts works are concerned.

"It's difficult for us to accept this because, like other creations, we have spent money and manpower in the designing and production of this masterpiece. If a book written by an author can be awarded copyright, why not the designing of an arts and crafts piece, which can be a more complicated project?"

Yu Changjian, deputy general manager of the Beijing Jing-Ling Dental Technical Laboratory Company, raises another question.

"I have to confess that I have little knowledge about intellectual property. But I do want to ask if we can regard our staff members as our property."

"We have been telling our staff members that they are the most precious property of the company. We have been spending thousands of yuan for the training of a technician or a doctor. But when some of them are experienced enough, they leave us for higher pay without even informing us."

Though there are labour contracts between the company and the employees, "quite often, we found only the company is restricted by the contracts while the employees who quit seem to have no obligations."

Yu said his company has been consulting lawyers on the matter so that it can better legally protect itself.

"I know our problem is mostly a matter of the mobility of talent, but I do think it has something to do with intellectual property. Something has to be done to ensure that neither side will break the contracts."

Next Major Task Is More Effective Implementation

40100008E Beijing CHINA DAILY in English 11 Oct 94 p 11

[Article by Yi Tu]

[FBIS Transcribed Text] When there is a law, an old Chinese saying goes, it must be strictly enforced.

After establishing comprehensive laws to protect intellectual property, China is making painstaking efforts to carry them out.

The laws are implemented through a dual-track enforcement system, composed of the people's courts at different levels and the government's administrative departments.

For historical reasons, the latter are so far a much stronger force in terms of intellectual property protection.

Maintaining economic order has always been a major concern of the People's Republic of China. Trademark protection started immediately after it was founded.

In June 1950, the government issued Temporary Regulations on Trademark Registration, the spirit of which was to "protect the exclusive use of registered industrial and commercial trademarks."

The regulations were replaced in 1963 by the Regulations on Trademark Administration, which emphasized monitoring product quality through trademark administration.

When the government started its drive to boost economic prosperity in the late 1970s, it soon realized that protecting intellectual property is of great importance for two reasons. It stimulates technological and cultural progress by protecting the rights of innovators, and it promotes market development by keeping economic order.

Fighting against infringements of intellectual property rights is part of the government's effort to protect consumers from poor-quality, and even dangerous, goods.

In tandem with State's legislative efforts, the government established an administrative network designed to halt the infringement of intellectual property rights.

Trademark bureaux have been set up within the industry and commerce administrations at all levels of government. The bureaux employ more than 7,000 specialized officials, who are co-operating closely with other departments in handling trademark counterfeiting cases.

According to the white paper on intellectual property rights protection in China, released in June this year, the government now has more than 300,000 people working in the area of trademark administration.

And there are departments in all parts of the country specialized in copyright administration. By the end of 1993, these departments had uncovered more than 150 cases of copyright pirating.

Other government departments have joined the efforts, including justice, public security, foreign trade, culture, publications, science and technology, and customs.

Administrative departments, with their wide networks and strong and experienced staffs, have been relatively successful in their efforts to protect intellectual property. Their actions also tend to be more effective and influential because the departments are deeply and directly involved in economic matters.

As a result, those who think their intellectual property rights have been violated tend to seek help from government departments first. The process is simple and the cost is cheap compared to launching a lawsuit.

When an administrative department receives a complaint, it starts an investigation immediately. Conclusions are reached quickly. If a complaint is founded, it is resolved through mediation or penalties. There is no charge for the service.

Law enforcement departments investigate suspected counterfeiting cases even without complaints by injured parties.

In 1992, the government launched a lengthy nationwide campaign, the so-called Long March of Quality Inspection, to crack down on the production and selling of fake and poor-quality goods.

The campaign was a remarkable success and left a deep and lasting impression. People became aware of intellectual property rights and realized that counterfeiting is against the law.

Since the beginning of the 1990s, the government has been speeding up the pace of reform and opening up. Its objective is to establish a socialist market economy. All this makes it urgent to improve the protection of intellectual property rights.

In July this year, the State Council, the nation's highest executive body, released 11 decisions calling on all departments and localities to strengthen their efforts in this area.

All departments are urged to put intellectual property rights high on their agendas. Protection should be extended to both domestic and overseas rights holders. Regional interests must not be put above property rights, and local governments are urged to develop an understanding of the issue.

Preferential policies will be offered to help sectors that could be hard hit by the shift, such as the pharmaceutical, chemical and computer software industries.

To reinforce the decisions, the State Council will organize joint actions of all departments and regions to monitor the enforcement of intellectual property laws. Immediate, comprehensive measures will be taken to "clean" the markets of pirated phonogram products and computer software.

To ensure smooth implementation of the decisions, State Councillor Song Jian arranged a national telephone conference at the end of July. Song called for powerful attacks in areas where intellectual property protection was neglected and violations are severe.

As effective protection of intellectual property in China requires co-operation among all governments and with legislative and judicial bodies, the State Council set up

the Executive Conference for Intellectual Property Rights Protection in August, a co-ordinating body of all the departments concerned. Corresponding bodies are expected to be set up at the local level.

This will mark the beginning of a new period, as lack of co-operation has been a big difficulty affecting the efficiency of past measures.

Shanghai Leading the Way

40100008F Beijing CHINA DAILY in English 11 Oct 94 p 11

[Article by Wang Xiaozhong]

[FBIS Transcribed Text] Shanghai—As a major city in east Asia, Shanghai has put great effort into construction projects building a freeway system and the region's tallest television tower—the Oriental Pearl.

The metropolis will also do anything to boost its economy and protect order in the marketplace.

The protection of intellectual property rights is a priority. And although the field is still new to some other parts of the country, it has never been ignored here.

Shanghai has done a good job in protecting intellectual property rights. It has a strong and specialized group within the administrative system on the lookout for any infringements.

The municipality has also established a strong judicial network to enforce the laws and regulations protecting intellectual property.

Shanghai is by no means alone in this respect. All parts of China now have special teams fighting against the theft of intellectual property.

"What is special about Shanghai is that the protection of intellectual property rights is an everyday issue here," says Xing Dongsheng, an official with the city's Administration for Industry and Commerce. Xing is the deputy director of the administration's trademark department.

As trademark registration in China is unified by the central government, the major task of local departments is to safeguard registered trademarks from copies.

Xing's department has a staff of more than 70. As well as supervising registration, the team is responsible for public education in the area.

When an infringement case is filed, Xing's team conducts an investigation and then tries to resolve the case through mediation or administrative action.

Administrative measures include fines, halting the infringement, confiscating fake trademarks and counterfeit goods.

As required by the Trademark Law, the team passes cases that are, "comparatively big" or "very big" to the court, where criminal penalties can be applied.

Xing's department also co-operates with others on hunts through markets for fake trademarks.

In the first five months of this year, such checks uncovered 66 cases, some of which are still under investigation. The fake goods seized were valued at 3 million yuan ($350,000) and led to the payment of 460,000 yuan ($54,000) in penalties and 10,000 yuan ($1,200) in compensation.

Xing is pleased that his department handles only about 200 a year. In other places, the figure is much bigger.

Most of the Shanghai cases concern incorrect sales procedures rather than fakes. This indicates that the city is not a major centre of trademark infringement.

The team had made remarkable achievements through its continuous and unwavering efforts. The trademark department has been on the job since the late 1970s.

Unlike other Chinese cities, Shanghai's economy has always been deeply influenced by the market. This may be one reason why the city is more consciousness of the need to protect intellectual property rights.

"The municipal government attaches great importance to intellectual property protection because it is vital to the city's international image," says Hua Yuda, director of the municipal Science and Technology Commission.

Hua is also vice-director of the newly established Shanghai Intellectual Property Rights Joint Conference, which is headed by deputy mayor Xu Kuangdi.

The joint conference co-ordinates all of the city's efforts in the field.

It has 20 members from the city's patent, trademark and copyright departments, law enforcement departments, and offices of economic and cultural management.

According to Hua, Shanghai's policy makers have realized the importance to the city itself of protecting intellectual property rights.

Since Deng Xiaoping's inspection tour to South China in early 1992, Shanghai became the leading area of the country's reform and opening up drive.

As the country seeks to integrate its economy with that of the international community, the city must make its economic framework convergent with that of the international market.

"Intellectual property rights are an integral aspect of this," Hua says.

Shanghai, like the rest of China, needs overseas investment, and foreign technology to boost its economy. To

create a better investment environment, intellectual property rights must be respected.

As China's biggest industrial city, Shanghai holds a considerable number of patents. It also has several long-standing and internationally famous trademarks. A number of its institutes and universities are carrying out advanced technological research and pools of writers and artists are creating new works.

"We must protect their rights," Hua says. "This is the common understanding of the city leaders."

However, contrary to the views of the municipality, the concept of intellectual property rights has not become commonly understood by all the city's people. To change the situation, the municipal government has strengthened its work in recent years.

The first task is to ensure that the public is fully informed. Ignorance of the rights and the laws is a major reason for infringement.

"It is not easy for all people to understand in a short time that violations are the same as stealing money," Hua said. The city makes every effort to inform people about intellectual property rights. The trademark, patent and copyright departments frequently launch promotions in the streets and communities. They also try to enlarge the social influence of the cases they handle by enlisting the help of newspapers and television stations.

The intellectual property rights tribunal at the city's Higher Court, which handles about 200 cases a year, allows free coverage of its cases by the mass media.

"By co-operating with newspapers and television, we are educating the public," says a judge with the tribunal.

The city is focusing its public awareness campaign on high-level people involved in management, technology, culture and entertainment, in the belief that if the people concerned understand the need to protect intellectual property and know the relevant laws and regulations, infringements will be greatly reduced.

Non-Government Sector Getting Involved

40100008G Beijing CHINA DAILY in English 11 Oct 94 p 11

[Article by Jin Yan]

[FBIS Transcribed Excerpt] [Passage omitted] On August 17, the first national "invisible asset" evaluation firm, the Liancheng Asset Assessment Firm, opened in Beijing.

Authorized by the State Patent Office, the firm calculates the market value of patents, trademarks, copyrights, computer software technology, franchise rights, leasing rights and other types of intellectual property.

A similar, local assessment firm had already been set up in the southern city Shenzhen, and another one was formed in Shanghai in June.

To date, only 25 per cent of the patents registered in China have found buyers. Part of the reason for the small percentage is that potential buyers hesitate when they are not sure about how much profits a patent can create.

It is also difficult for patent holders to make use of their property, as only visible assets are widely accepted. They even have difficulty in using their patent as collateral to get loans.

Many enterprises have also suffered great losses when they are merged or launch joint ventures with others as their intellectual properties are often undervalued.

The new assessment firms are expected to change the situation a lot.

Along with the government and the judiciary, non-governmental organizations are now actively taking part in the protection of intellectual property in China.

"They are a force to be reckoned with in the area," says Ming Tinghua, deputy director of the State Patent Office.

"We need far more of them, and the government should foster their growth as a supplement to its efforts," he said.

Indeed, promoting the development of service organizations in the area of intellectual property rights is one of the major short-term tasks set forth by the office of the State Council's newly established Executive Conference on Intellectual Property Rights Protection, the senior co-ordinating department of the country.

According to a document of the Executive Conference, the State will help to set up a number of authoritative service organizations throughout the country, such as patent, trademark and copyright agencies.

The State is also willing to help start some assessment and investigating firms.

The country currently has more than 500 patent agencies. A network of trademark agencies has been formed, serving domestic and overseas clients. Various research institutes and associations are also in the business of intellectual property protection.

In September, the China United Intellectual Property Rights Investigation Centre was set up in Beijing to deal with alleged infringements, the first such centre, in the nation.

The centre receives complaints about intellectual property rights violations from domestic and overseas businesses.

It investigates the allegations and provides information and advice before clients resort to government departments concerned or the court.

The IP Protect Service (China), a mainland-Hongkong joint venture, is also seeking to track down copycats violating the rights of its clients.

So far, no official statistics are available, showing how many non-governmental organizations are in the field. But the number is steadily growing.

The Music Copyright Society of China was established for music authors and composers when pirating music became a serious problem in the country.

In July, the Audio-Video Industry Association of China was formed for the protection of publishers and sellers. The group not only strengthens contacts and co-operation among its members, it also goes to court on their behalf when their interests are violated.

Academic and research institutes have also become involved in protecting intellectual property.

The field is still new to China. So far there has been little theoretical work in the area and companies still lack knowledge about the laws and practices. Even the State's executive and judicial sectors lack staff with expertise in the area.

With the help of the World Intellectual Property Organization (WIPO), the People's University set up an Intellectual Property Rights Education and Research Centre in Beijing in 1986. The centre has sent more than 200 graduates, including 40 with post-graduate degrees, to the nation's law enforcement departments, enterprises and universities.

The centre co-operates closely with the government and the courts. Most of its researchers have taken part in drafting the country's laws in the area, and act as advisers to legislators, officials and judges.

It also helps the State by offering training programmes for its employees.

Shanghai University, in co-operation with the US George Washington University and Washington University in Seattle, has recently set up an intellectual property rights college.

The government has also helped establish a number of research organizations, such as the Intellectual Property Rights Research Association of China, which has close ties with the State Patent Office, the Copyright Study Society and the Inventor's Study Society of China.

More Reports on CD, Software Piracy

Guangzhou Beaches CD Pirates

40100013A Beijing CHINA DAILY in English 12 Nov 94 p 3

[Article by Li Zhuoyan: "Guangzhou Beaches CD Pirates"]

[FBIS Transcribed Text] Guangzhou—The operations of two compact disc producers in Guangzhou have been suspended for copyright violations. A number of other counterfeiters have been required to get rid of their counterfeit discs before the local Press and Publication Administration will grant them production permits.

The crackdown is the result of a recent government inspection of the city's 19 CD producers. Of the 19, only six passed inspection.

All CD and laser disc manufacturers have to pass inspection and get permits from the provincial Press and Publication Administration before they start operation.

"We believe the action will possibly wipe out the piracy activities from the root," said Peng Xianda, chief of the Guangdong administration's Video and Audio Publication Administration Section. He said from now on all CD and LD producers have to get permission from his bureau before they can register with the Industrial and Commercial Administration.

To get the Press and Publication Administration's approval, they must submit adequate legal documents including a letter of permission from the foreign or domestic music producer, a copyright certificate and a State import permit if their products are to be sold on the domestic market. The import permit is not needed if the finished products are for export.

"But at present we will not hasten to approve any more disc producers or the expansion of the existing ones," Peng said. The 28 production lines of the 19 producers make about 50 million discs annually, well above local demand, Peng said.

The Guangdong government will require CD producers and dealers to take training classes on domestic and international copyright laws. In the recent crackdown, more than 7700 stores were inspected and 1.26 million pirated discs were uncovered.

Smuggling is another source of counterfeit discs in Guangdong. "Therefore we call for united action from Customs to keep their eyes open for incoming pirated discs," Peng said.

Computer Crimes

40100013B Beijing CHINA DAILY 12 Nov 94 p 3

[Unattributed: "Computer Crimes"]

[FBIS Transcribed Text] Three Beijing companies were given heavy fines this week for pirating best-selling software owned by one of China's leading computer manufacturers, Founder's Group. The highest fine was 100,000 yuan ($11,760). The computer firm has lost 80 million yuan ($9.4 million) so far this year due to such rampant piracy. Experts and computer manufacturers are urging people to help the government intensify the crackdown on such crimes.

State High-Tech R&D Plan Intellectual Property Rights Management Measures (Trial Implementation)

946B0137A Beijing KEJI RIBAO [SCIENCE AND TECHNOLOGY DAILY] in Chinese 31 May 94 p 2

[Text of document: "State High-Technology R&D Plan Intellectual Property Rights Management Measures (Trial Implementation)"]

[FBIS Translated Text] People's Republic of China State Science and Technology Commission Order No 18: The document "State High-Technology R&D Plan Intellectual Property Rights Management Measures (Trial Implementation)" is to be published; it will enter into force on 1 July 1994, Song Jian, Director, 8 February 1994

Article 1. In order to tighten the management of scientific results obtained under the State High-Technology R&D Plan (referred to below as the "863 Program"), to protect intellectual property rights, to guarantee the legal rights and interests of project participants and to promote the use of high-technology research and its results to create commodities and industries, in accordance with applicable state laws and regulations the following measures are instituted.

Article 2. These measures apply to 863 Program projects and related projects organized and implemented under the State S&T Commission in the following fields:

(1) biotechnology;

(2) information technology;

(3) automation technology;

(4) energy technology;

(5) new materials.

Article 3. S&T results obtained under the 863 Program include scientific discoveries, technological inventions and other S&T results obtained in implementation of the plan and related to its research and development objectives. The intellectual property rights to the S&T results specified in the first paragraph of this article include patent application rights, patent rights, patent use rights, the rights of use and transfer of nonpatent technology, copyright, discovery rights, invention rights, and other rights to S&T results.

Article 4. The State S&T Commission is the organization that manages 863 Program S&T results and that exercises all of the state's rights to relevant S&T results.

Article 5. In implementation of an 863 Program project, a State S&T Commission office or center or an area expert committee or group authorized by the State S&T Commission (the requester) and the unit that takes on the project (the developer) must sign a technology development contract. The contract may specify, in accordance with the present document, the procedures for determining the ownership of and shares in the relevant intellectual property. When the developer consists of two or more organizations, the shares of these organizations in the intellectual property resulting from their joint R&D efforts are to be determined in accordance with the provisions of the contract.

Article 6. If, during performance of the project, the developer assigns certain tasks in research and development to a third party, it must conclude a contract with the third party. The contract enters into force on approval by the cognizant State S&T Commission office or center or the area expert committee or group. But the performance of ordinary tests, the provision of socialized S&T services, or the performance of small amounts of ancillary scientific research by other units are excepted from this provision. The share of a third party in the intellectual property rights of an R&D project to which it has made a major creative contribution is to be specified by the contract, but the contract specifications shall not affect the state's rights to the S&T results produced by the project.

Article 7. Unless otherwise specified in the contract, the right to apply for patents on S&T results obtained under the 863 Program belongs to the developer. Within 30 days of obtaining the research results, the developer must apply for a patent on inventions or issue a report to the area expert committee or group in accordance with the procedure for technological secrecy, attaching the results of a search of the S&T literature in the field in question. The area expert committee or group must render a decision within 30 days of receiving the report. If this period elapses without a decision being made, this is to be interpreted as acceptance of the developer's suggested handling of the results. When the area expert committee or group approves the patent application, the developer must file the information with the State S&T Commission's cognizant office or center or area expert committee or group within 30 days of obtaining the patent; when the area expert committee or group approves handling the result as a technological secret, the developer must take the appropriate steps to preserve secrecy.

Article 8. The requester and the developer may include in the technology development contract a provision earmarking some of the R&D funds to cover the expenses of applying for patents or for carrying out other administrative procedures.

Article 9. When the developer obtains a patent, it must pay out bonuses to the project participants who produced the S&T result in question in accordance with Article 71 of the "Patent Law Implementation Details."

Article 10. With the approval of the area expert committee or group, an authorized unit or the participants in the project that produced an invention may apply singly or jointly for a patent on the invention in the following cases:

(1) if, in accordance with contract provisions, the developer does not exercise its rights regarding disposition of the S&T result;

(2) if the developer does not submit a suggestion for the handling of the intellectual property rights in question within the specified time interval;

(3) if the developer fails, without sufficient reason, to apply for a patent within 6 months of receiving approval to apply for a patent.

If the authorized organization or the project participants obtain a patent, the developer may make use of this patent without paying a fee.

Article 11. Among the S&T results obtained under the 863 Program, the developer may make use of technological secrets for which technological secrecy measures have been taken, that are not public knowledge, that have the potential to produce an economic benefit, and that are practicable, and it has the right to use or transfer nonpatent technology. The developer must specify the scope and time limit for the maintenance of technological secrecy. If personnel of organizations participating in the project or others are aware of or come into contact with technological secrets, they have the responsibility to maintain secrecy.

Article 12. Within 6 months of completing the technological result, the developer must submit to the cognizant State S&T Commission office or center or the area expert committee or group a plan for application of the result which makes effective use of the patent and of the rights to the use and transfer of nonpatent technology. It must then proceed to use the technology to create commodities or industries.

Article 13. When the developer uses or transfers technological results obtained under the 863 Program, it must report to the State S&T Commission's cognizant office or center for approval when:

(1) it transfers patent rights, patent application rights or other intellectual property rights;

(2) it permits a foreign enterprise or other organization or individual to use the results;

(3) it enters into a joint venture or cooperation with a foreign enterprise or other organization or individual to use the results;

(4) the technology is put up as a stake in the establishment of a corporation or joint stock corporation.

Article 14. The State S&T Commission has the power to decide that technological results obtained under the 863 Program shall be used by a designated organization. The organization using the results must conclude a written agreement with the developer regarding technology use fees and other payments. If the two parties cannot reach an agreement, the cognizant State S&T Commission office or center shall specify reasonable use fees. The organization using the technology has the obligation to maintain the secrecy of nonpatent technology that it is authorized to use.

Article 15. Contracts transferring patent rights to S&T results obtained under the 863 Program contracts for the transfer of patent application rights, contracts permitting the utilization of patent rights, and other contracts transferring or granting permission to use other intellectual property, must include a statement that the S&T results in question are "results obtained under the State High-Technology R&D Plan (863 Program)." Such contracts do not affect the state's rights regarding the S&T results in question.

Article 16. The copyrights to engineering design or product design drawings and their annotations, computer software and other products produced in the course of 863 Program projects belong to the developer. The property rights of the developer specified in the preceding paragraph apply to Articles 13, 14 and 15 of this document.

Article 17. In the case of computer software that has been published, the developer may, in accordance with the provisions of the "Computer Software Protection Regulations," go through registration procedures with the software registration organizations; within 30 days of approval of the registration, it must file notice with the relevant office or center of the State S&T Commission.

Article 18. The developer must pay a certain percentage of earnings obtained from the use or transfer of S&T results as compensation to the participants in the R&D project. In case of the utilization of the S&T results, between 1 percent and 2.5 percent shall be paid from each year's after-tax profits, or a one-time payment of the same percentage shall be made. In case of the transfer of S&T results, a 10 to 15 percent payment shall be made from the after-tax value of the use fees obtained from the transfer.

Article 19. The discovery rights, invention rights, and other rights of equivalent intent, to results obtained

under the 863 Program belong to the discoverers or inventors or other individual or joint creators of the results. The discoverers, inventors, or other producers of S&T results have the right to have the documentation of the results state that they are the creators of the results and also have the right to receive certificates of merit or awards for the results.

Article 20. In 863 Program projects that have commercial value or potential for industrialization, the developer must return to the requester a certain percentage of the income realized from the use or transfer of the results, to be used to support high-technology R&D activity. The specific procedure for this payment is to be specified in the contract between the requester and developer. When the R&D expenses of an 863 Program project are supplied by investments of more than one organization, the investors and the developer should jointly agree on the percentage shares that are to be paid out of earnings from the use or transfer of the project results.

Article 21. Within 5 years of the end of an 863 Program project, the developer must file a report with the State S&T Commission regarding any new S&T results obtained during follow-on improvements to the original results.

Article 22. Under technology contracts concluded in accordance with this document, the parties may agree that any disputes arising during implementation of the contract shall be submitted to the State S&T Commission contract arbitration board or to some other technology contract arbitration board.

Article 23. If the developer or the project participants do not accept an administrative decision made by a cognizant office or center of the State S&T Commission or an area expert committee or group pursuant to the present document, they may apply for administrative review in accordance with State S&T Commission procedures for handling administrative review.

Article 24. The State S&T Commission has the responsibility to organize measures assuring that the management of S&T intellectual property rights produced under any program that is analogous to the 863 Program in terms of funding or project management may be carried out in accordance with the present document.

Article 25. This document shall be interpreted by the State S&T Commission.

Article 26. These measures shall enter into force on 1 July 1994.

Courts Called on To Strengthen IPR Protection

40101002A Beijing CHINA DAILY (NATIONAL) in English 8 Oct 94 p 3

[FBIS Transcribed Text] The Chinese Supreme People's Court has called on courts to strengthen judicial protection of intellectual property rights.

It also urged courts to ensure the implementation of relevant laws and regulations on intellectual property.

In a recent circular, the Supreme People's Court urged courts at local levels to expand the ranks of judicial officers and improve judicial organizations.

It said people with specialized experience, graduates of polytechnical sciences or those with good foreign language skills should be selected for a fair proportion of judicial officer posts to participate in the administration of justice for intellectual property rights.

Courts in different localities may set up joint divisions to specialize in cases involving intellectual property rights.

Intermediate people's courts and supreme people's courts in large and medium-sized cities—where cases of intellectual property rights violation are numerous—should set up special intellectual property rights divisions.

People's courts at different levels were urged to handle promptly civil or administrative cases on infringement of intellectual property rights, resist local protectionism, and to implement strictly laws and regulations for protection of intellectual property rights, so as to protect the legitimate rights of clients.

The circular also urged different courts to accord strictly with the relevant Chinese laws and international conventions China has joined and concluded when trying intellectual property rights cases—and to punish any infringements of such rights severely.

People's courts at various levels must also carefully study science and technology concerning intellectual property rights, relevant Chinese laws and regulations and the international conventions China has joined or concluded.

They must apply all this experience when trying cases and increase people's awareness on the laws protecting intellectual property, the circular said. (Xinhua)

Beijing Authority Fines Three Firms for Pirating Founders Group's Software

95P60034A Beijing KEJI RIBAO [SCIENCE AND TECHNOLOGY DAILY] in Chinese 11 Nov 94 p 1

[Article by Fan Jian: "Founders Group's Losses to Pirated Software Total 80 Million Yuan; Beijing Haidian District Industry and Commerce Office Punishes Three Pirate Firms"]

[FBIS Summary] Beijing, 10 Nov—The Founders Group [Beida Fangzheng Jituan] announced at a press conference held here today that it has sustained economic losses of 80 million yuan to pirated versions of the floppy disks for its electronic typesetting system, which has captured 70 percent of the domestic market and over 90 percent of the foreign market for Chinese-newspaper and

Chinese-magazine electronic typesetting systems. The Beijing Haidian District Industry and Commerce Office, cooperating with the Founders Group, conducted a search and discovered that 15 firms were copying and selling the Founders Group's electronic typesetting system, and thus infringing on its copyright. The office assessed punishment for three companies as follows: Beijing Fanguo [0416 7559] Technology Development Company was fined 100,000 yuan, while Beijing Tianchuang [1131 0482] Computer Technology Development Company and Weijia [4850 0163] Computer Company were each fined 1000 yuan.

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